

CLV Calculator - Instructions

This calculator is useful for calculating the Customer Lifetime Value for a particular customer by using the following

- Average purchase frequency: This is the average purchase frequency for a customer per year. If a customer buys every quarter, the average purchase frequency is 4
- Average face to face touches per year: This is the average face to face touches that the company intends to have with the customer
- Average telephone touches per year: This is the average no of telephone calls that the company will make per customer
- Average direct mail touches per year: This is the average no of direct mails that the company will send to a particular customer
- Average email touches per year: This is the average no of emails that the company will send to the customer
- Unit cost (Face to Face) in \$: This is the unit spending per customer for a face to face transaction
- Unit cost (Telephone) in \$: This is the unit spending per customer for a telephone transaction
- Unit cost (Direct Mail) in \$: This is the unit spending per customer for a direct mail transaction
- Unit cost (Email) in \$: This is the unit spending per customer for an email sent to the customer
- Average Contribution Margin (2004) in \$: This is the actual contribution margin in the year 2004
- Tenure (2004) in months: This is the number of months since the last purchase
- Average Contribution Margin (2005) in \$: This is the expected contribution margin in the year 2005
- Tenure (2005) in months: This is the number of months since the last purchase in the year 2005. This is basically the tenure in 2004 + 12. It is a read-only field
- Average Contribution Margin (2006) in \$: This is the expected contribution margin in the year 2006
- Tenure (2006) in months: This is the number of months since the last purchase in the year 2006. This is basically the tenure in 2005 + 12. It is a read-only field
- Predicted Contribution Margin (2005) in \$: This predicts the contribution margin for 2005 based on the data of average contribution margin in 2004 and the tenure in 2004 and the purchase frequency. This is a read-only field.
- Predicted Contribution Margin (2006) in \$: This predicts the contribution margin for 2006 based on the data of average contribution margin in 2005 and the tenure in 2005 and the purchase frequency. This is a read-only field.
- Predicted Contribution Margin (2007) in \$: This predicts the contribution margin for 2007 based on the data of average contribution margin in 2006 and the tenure in 2006 and the purchase frequency. This is a read-only field.
- Annual Interest Rate in % : This is the discount rate that is used to calculate the net present value of the customer.